(b) The incentives for a period of 4 years @ 4% of the face value of the bonds for achievement of performance milestones by the SEBs increased to 6% in the first year and 5% in the second year.

All the State Govts. have been requested to initiate necessary steps for the implementations of the aforesaid scheme.

Setting up power plants in Meghalaya

3274. SHRI ONWARD L. NONGTDU: Will the Minister of POWER be pleased to state:

(a) the details of power plants proposed to be set up in the State of Meghalaya during the ninth five year plan;

(b) the details of power plants proposed to be set up during the next three years; and

(c) the details of funds allocated for the same?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) and (b) No power plant is scheduled to be commissioned in the State of Meghalaya during the 9th Plan. However, one project viz. Myntdu St I (2x42MW) in distt. Jaintia Hill of Meghalaya was given techno economic clearance of Central Electricity Authority on 20.9.1999. The Project is awaiting Investment Clearance of Planning Commission and also clearance of Ministry of Environment and Forests. Further, a proposal from Meghalaya State Electricity Board for setting up two Heavy Fuel Oil based Diesel Generation Power Plants, of 4x6 MW capacity each, at Byrnihat and Mendipathar has been received in May, 2001 and is under examination in Central Electricity Authority.

Meghalaya has been allocated share from the following Central Power Stations commissioned during 9th plan:

Name of the Project	Share of Meghalaya
Kopil Extn (100 MW) 50 MW Commissioned in 8th Plan and 50 MW commissioned in 9th Plan	13MW
Kathalguri (90 MW)	20.1 MW
Agartala GPS (84 MW)	6MW
Doyang (75 MW)	5MW

(c) Does not arise.

Waiving off additional comfort and security from IPP

3275. SHRI C. RAMACHANDRAIAH: Will the Minister of POWER be pleased to state:

(a) whether Chief Minister of Andhra Pradesh has very recently urged Union Power Minister to have conditions of additional comfort and security being insisted upon by financial institutions from independent producers waived as reported in 'The Hindu' (Delhi Edition) dated the 8th April, 2001;

(b) if so, details thereof and reasons for waiving the conditions;

(c) whether a meeting of financial institutions have since been held to consider the matter and making necessary changes in Memoranda of Understanding/Agreement; and

(d) if so, the details of decision taken by financial institutions in this regard?

THE MINISTER OF STATE IN THE MINISTRY OF POWER (SHRIMATI JAYAWANTI MEHTA): (a) to (d) With a view to identify an acceptable payment security mechanism for Independent Power Producers (IPPs), in the eighth meeting of the Crisis Resolution Group (CRF) held on March 30, 2000 under the chairmanship of Minister of Power, various alternatives to escrow were discussed. In this meeting, it was decided that financing of IPPs should be linked with the progress of reforms undertaken by the State Government. To facilitate private power projects to achieve financial closure, the Ministry of Power has proposed a reform based security mechanism as an alternative to escrow to provide financial comfort to the lenders and IPP promoters. The Financial Institutions have agreed to undertake financing of IPPs on the basis of a legally binding agreement to be made by State Governments to provide escrow before commercial Operation Date instead of the present practice of escrow at the time of financial closure. In pursuance of this decision, a draft Memorandum of Agreement (MoA) was prepared. After several rounds of discussions between the Government of Andhra Pradesh/APTRANSCO and the Indian Financial Institutions/Banks, the MoA, which ensures financing of 6 private power projects in Andhra Pradesh with a total capacity of 2239 MW, has been initialed by the Government of Andhra Pradesh/APTRANSCO, Power Finance Corporation and the Financial Institutions led by Industrial Development Bank of India on August, 10,2001. Under the proposed MoA, APTRANSCO would be able to open escrow account 30 days before Commercial Operation Date instead of the present